

Idaho School Property Tax Issues

Alan S. Dornfest

Property Tax Policy Supervisor

County Support Division

Idaho State Tax Commission

June 27, 2008



Topics Covered

- **Property Tax Legislation**
 - **HB 599 – partial personal property tax exemption**
 - **HB 470 – Use of urban renewal increment in levy rate calculations**
- **Agricultural replacement money**
- **L-2 budget certification form changes**
 - **Voter approved fund tracker**
 - **L-2 worksheet**

Contact Information

Alan Dornfest: Property Tax Policy Supervisor

Phone: (208) 334-7742

Fax: (208) 334-7844

E-Mail:

Adornfest@tax.idaho.gov

Tax Commission Web Page tax.idaho.gov

Important Dates

- 1. Had to notify County Clerk(s) of budget hearing date and location by April 30, 2008.**
- 2. Certify budget to County Commissioners**
 - 1. Due September 4, 2008**
 - 2. Emergency fund due by September 8, 2008.**
 - 3. Request 7 working day extension from County Commissioners.**

Note: Includes Charter School Districts but not Charter Schools – which have no independent authority to levy property tax.

Agricultural Equipment Exemption Replacement Moneys

- Original basis – Year 2000 levies + .001 + 6%
- Modified in October, 2006
 - 0.004 removed
 - Affected three quarters in FY 2007
 - Affects all four quarters in FY 2008
 - Lower in 2008 for many districts
 - No further changes planned
- Amount received is subtracted from tort fund before levy rates set, but added back for future 3% increases and to compute hypothetical tort fund levy rate for future new construction budget capacity allowances.
 - Excess amount to be subtracted from other funds
 - Subtraction only required for amounts sent by STC

HB-470 Effective 1-1-2008

- Amends §50-2908(1) Idaho Code (Determination of tax levies)
- Requires Urban Renewal Increment to be added to taxable value before the levy rate is computed for certain funds in certain cases.
- For school districts, the affected funds are:
 - Judgments §63-1305 (assessment appeal refunds) and §33-802(1) (School district judgments)
 - Plant Facilities
 - Bonds
 - ≤ 2 Year school supplemental elections §33-802(1)
- Applies to existing funds (listed above) if fund new to RAA due to boundary changes of district or RAA.
- Does not apply to permanent supplementals

HB-470 (continued)

■ Effect of new law on property taxes.

Value Information		
50,000,000	Net taxable value	
5,000,000	U/R Increment	
45,000,000	Value used for levies	
Existing Funds Prior to 1/1/2008 (Old Law)		
Tort	10,000	0.000222222
Emergency	27,000	0.000600000
Bond (expires 12/07)	300,000	0.006666667
Total:	337,000	0.007488889
New Funds As Of 1/1/2008 (New Law) No Bond \$ Allocated to URD		
Tort	10,000	0.000222222
Emergency	27,000	0.000600000
Bond (approved by voters in 2008)	300,000	0.006
Total:	337,000	0.006822222
	Property's Taxable Value	Prop. Taxes
Prior to 1/1/2008	200,000	1,497.78
As of 1/1/2008	200,000	1,364.44
		133.33

Bond generated
\$33,333.33 for URD.

Under this system the U/R
increment value is excluded

Under this system the U/R
increment value is included
when computing the levy for
the bond only.

Resulting in a lower
property tax liability for
individuals.

2009 Effects of HB 470

School District Area

2008 URD annex - B

Pre 2008 URD boundaries (A)

2009 school levies

Fund	Value for setting levy \$ Millions
Tort	500
2001 plant	510
2008 bond <i>(passed and first levied in 2008)</i>	550
2009 supplemental	550

2009
Value
Table

School District (base only)	\$500 million
URD (A) increment	\$ 40 million
URD (B) increment	\$ 10 million

Distribution of Property Taxes Under HB 470

- Levies that produce taxes to URD using previous school district example:
 - 2008 property taxes:
 - Tort – full increment
 - 2001 plant facilities – full increment
 - 2009 property taxes:
 - Tort – full increment (\$50 million)
 - 2001 plant facilities – area A increment (\$40 million)
- Occupancy tax will follow same rules as property tax.

HB-599 - Personal Property Exemption

- Will exempt up to \$100,000 of personal property for each taxpayer in each county
 - Levy rates to be set disregarding exemption
- Effective date unknown:
 - Not in effect for 2008
 - May be in effect in 2009 if the state's general fund revenue for fiscal year ending June 30, 2008 increases by more than 5% from the previous fiscal year.
- Once effective, counties will receive replacement money from the state for distribution to school districts – ½ on December 20th and ½ on June 20th.

Budget Stabilization Levies

- School districts not receiving state equalization funds in fiscal year 2006 can have a Budget Stabilization Levy
 - #61 Blaine – \$29,521,352
 - # 92 Swan Valley - \$ 133,871
 - # 394 Avery - \$ 117,520
 - # 421 McCall Donnelly - \$ 5,658,712
- These amounts are maximum annual amounts.

2008 Dollar Certification of Budget Request to Board of County Commissioners L-2

School Districts (the L-2 worksheet and the Voter Approved Fund Tracker must be attached)

District Name:					County(ies):		
Fund	Total Approved Budget*	Cash Forward Balance	Other revenue <u>NOT</u> shown in Column 5	Property Tax Replacement Money (cannot exceed line 12 of L-2 Worksheet)	Balance to be levied	Calculated Levy Rate	Maximum Levy Rate
					Col. 2 minus 3+4+ 5)	(Col. 3) (County Use Only)	(County Use Only)
1	2	3	4	5	6	7	8
Column Total:	-	-	-	-	-	0.000000000	

I certify that the amounts shown above accurately reflect the budget being certified in accordance with the provisions of I.C. §63-803.

To the best of my knowledge, this district has established and adopted this budget in accordance with all applicable Idaho laws.

Signature of District Representative	Title	Date

Please print above: Contact Name and Mailing Address	Email Address:	
Phone Number: ()	Fax Number: ()	

Net Taxable Market Value Computation:

For County Clerk Use Only

Use column C for computing levies for the following funds that were first certified after December 31, 2007 or if an existing U/R or taxing district changes its boundaries and the U/R now includes a taxing district which currently has one the listed funds.

I.C. §63-1305 Judgments, I.C. §33-802 Judgment Obligation, any Bonds, Plant Facilities, and temporary Override or Supplemental funds.

County	(A) Net Taxable Market Value:	(B) Urban Renewal (U/R) Increment Value:	(C) Total Taxable Value (A+B):
Total Value:	-	-	-

* Note: Do not include revenue allocated to urban renewal agencies.

Revised 3/19/2008 (form BL008)

School District L-2 Worksheet (must be attached to the L-2 form)				
District Name:			Year:	2008
Computation of 3% budget increase:				
Enter the highest of the last 3 years approved tort fund plus p-tax replacement.			(1)	
Multiply line 1 by 0.03			(2)	
New Construction & Annexation budget increases:				
Enter the 2008 value of new construction roll from each applicable county.	(A)			
	(B)			
	(C)			
	(D)			
Total of New Construction Roll Value for the District:			(3)	-
Enter the 2008 value of annexation from property assessed by the county.	(A)			
Enter the 2008 value of annexation from Operating Property .	(B)			
Total Annexation Value:			(4)	-
Enter the total 2007 hypothetical tort fund levy rate.	(5)			
New Construction budget increase (multiply line 3 by line 5).			(6)	-
Annexation budget increase (multiply line 4 by line 5).			(7)	-
Maximum Allowable Tort Fund Property Tax Budget:				
Add lines 1 + 2 + 6 + 7			(8)	-
Total Property Tax Replacement Calculation				
Enter the annual Agricultural Equipment Replacement money.	(9)			
Enter recovered Homeowner's Exemption property tax here.	(10)			
Enter recaptured QIE.	(11)			
Total lines 9, 10, and 11 here: (Total remittance to be reported col.5 of L-2).			(12)	-
Tort Fund Less Property Tax Replacement:				
If the total property tax replacement, reported on line 12, is less than or equal to the amount on line 8 enter the difference here. This represents the maximum allowable property tax portion of your tort fund.			(13)	-
If the total property tax replacement, reported on line 12, exceeds the amount shown on line 8 enter the difference here. This is the amount of property tax replacement that must be subtracted from any other available funds levying property taxes.	(14)	-		
The total of Column 5 of the L-2 form should equal the amount shown on line 12.				

2008 (Voter) Approved Fund Tracker**District Name:****Override or School Supplemental Fund****Date of election:****Term of initiative****Annual amount authorized by voters****1st calendar year levied****COSA (>50% Voter Approval)/COSA Facilities (2/3 Voter Approval) Fund authorized by I.C. §33-317.****Date of election****Term of initiative****Annual amount authorized by voters****1st calendar year levied****Plant Facilities/Safe School Plant Facilities authorized by I.C. §33-804 & 33-804A.****Date of election****Term of initiative****Annual amount authorized by voters****1st calendar year levied****Bonds refer to district code for specifics.****Date of election****Term of initiative****1st calendar year levied**

**Attach to your L-2 form and return to your County Clerk no later than September 4, 2008.
(I.C. §63-803), except as provided in I.C. §33-805.**

Due to 2008
legislation
(HB-470), this form
MUST be attached to
your L-2 if you levy
for any of the funds
listed.